



OPPOSE – Senate Bill 1023
Maryland Building Performance Standards
Senate Education, Energy and the Environment Committee

Columbia Gas of Maryland, Inc. opposes Senate Bill 1023, which requires the Maryland Department of Labor to adopt, as part of the Maryland Building Performance Standards, a requirement that new buildings meet all water and space heating demands of the building without the use of fossil fuels. The legislation also requires buildings 25,000 square feet or larger and new residential buildings less than four stories above grade plane to achieve site energy use intensity (EUI) standards which eventually are set at a net-zero energy balance on or after October 1, 2035.

Electrifying buildings does not necessarily lead to decarbonization. A significant percentage of electricity provided to Maryland today is supplied by fossil fuels. Mandated building electrification now would just shift the point source of emissions from a new building to a base load electric generation facility. Senate Bill 1023 fails to address the need for a diverse and robust energy portfolio, necessary to maintain grid stability and reasonable, affordable utility rates for residential homes and commercial buildings in Maryland.

The legislation prevents the use of renewable natural gas (available today) and new technologies like hydrogen, both of which are expected to provide cost-effective heat and energy to homes and businesses. In addition to the cost-effectiveness, these technologies can produce meaningful greenhouse emission reductions over other conventional energy sources in the short and long term without the need to replace appliances, and thus should not be barred from use.

While the proposed legislation allows a local jurisdiction to grant a waiver from the requirement banning fossil fuel use for emergency back-up power systems and buildings designated for use by five types of business, it ultimately prevents customer choice for those building their own homes or building commercial business space in the future. Under the bill, financial considerations are not a sufficient basis to pursue a local waiver of the requirement. To the contrary, Columbia Gas respectfully submits that financial considerations are the major consideration when building a new home or business.

It should be noted, the federal Energy Policy and Conservation Act (EPCA) preempts state regulations or laws that effectively ban EPCA-regulated products from accessing necessary energy sources. See, e.g., 42 U.S.C. § 6297(c). SB 1023 is expressly intended to reduce greenhouse gas emissions by mandating electric only buildings and preventing the use of fossil fuel appliances. In most buildings, appliances like natural gas furnaces and water heaters are “covered products” under EPCA and EPCA preempts efforts by states to establish “energy conservation standards” relevant to these products, particularly where state legislation functionally bans the use of the products. Accordingly, Columbia Gas believes SB 1023 is preempted by federal law.

Columbia Gas wishes to make clear that its company leadership believes climate change is real, and we are committed to reduce the greenhouse gas emissions of our operations and pursue opportunities to reduce customer emissions. However, that change must happen within the confines of the reality with which our energy is produced and consumed. Columbia Gas supports appropriately crafted policy on emission reductions that:

- Targets deep greenhouse gas reductions consistent with affordability and reliability
- Preserves customer energy choice
- Addresses customer equity issues and supports an equitable energy transition
- Expands utility energy efficiency and renewable energy programs
- Incentivizes market demand for low carbon gas and advanced technologies
- Recognizes the mitigation, adaptation, affordability and reliability benefits of gas infrastructure
- Promotes modernization of gas infrastructure, which is key to reducing emissions and ensuring a safe, reliable and climate-resilient energy system
- Promotes an environment of innovation, research, development and deployment needed for deep emissions reductions; and
- Supports utility rate mechanisms and cost recovery processes that support a lower carbon future.

The requirements of SB 1023 are not in line with the above parameters, and consequently Columbia Gas cannot support SB 1023 as appropriately crafted policy on greenhouse gas emission reductions, and therefore urges an unfavorable report.

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